

**ASTORIUS RESOURCES LTD.**  
**(“Company”)**  
**Form 51-102F1 Management's Discussion & Analysis**  
**For the Nine Months Ended June 30, 2017**

**1.1 Date August 25, 2017**

**Introduction**

The following management's discussion and analysis, prepared as of June 30, 2017, is a review of operations, current financial position and outlook for Astorius Resources Ltd., (the "Company") and should be read in conjunction with the Company's audited financial statements for the year ended September 30, 2016 and the notes thereto. Amounts are reported in Canadian dollars based upon financial statements prepared in accordance with International Financial Reporting Standards. Additional information relevant to the Company's activities can be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Forward-Looking Statements**

Certain statements contained in the following Management's Discussion and Analysis (MD&A) constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

**Risks and Uncertainties**

A going concern assessment is outlined in Note 2 of the financial statements.

**1.2 Overall Performance**

**Description of Business**

The Company is a reporting issuer in British Columbia and Alberta and its common shares are listed and posted for trading on the TSX Venture Exchange under the symbol “ASQ”.

The Company's head office is located at Suite 304, 700 West Pender Street, Vancouver, British Columbia, V6C 1G8, and its registered and records offices are located at 1710 – 1177 West Hastings Street, Vancouver, BC V6E 2L3.

The principal business of the Company is the acquisition, exploration and development of natural resource properties. The Company currently owns, or has acquired an option to earn an interest in, properties located in British Columbia and Ecuador.

Additional information related to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com), and the Company's website [www.astoriusresources.com](http://www.astoriusresources.com).

**Corporate Matters**

On July 17, 2017, the Company granted 2.5 million share purchase options to directors, officers and service providers. The options, exercisable at 10 cents per share for a period of five years,

expire July 13, 2022. All options granted are in accordance with the company's stock option plan and subject to TSX Venture Exchange approval.

On July 6, 2017, the Company announced results from an initial six-hole reverse circulation program at the northeastern end of its Rainbow Canyon gold property in Nevada. Highlights of the drilling results are:

- Borehole RCR-03 intersected 1.52 metres grading 19.65 grams per tonne (g/t) gold from 100.58 metres to 102.11 metres, within an intersection of 9.14 metres at 3.69 g/t gold.
- Borehole RCR-03 is on the margin of a magnetic low, previously interpreted to be an alteration zone, now a significant target for further drilling.
- Gold mineralization appears to be structurally controlled and is present within a number of rock units on the property, apparently in a number of sub-parallel corridors running northeast/southwest.

On June 30, 2017, the Company completed the drilling of six inclined reverse circulation boreholes for a total of 874 metres at its Rainbow Canyon property in Washoe County, Nevada. On April 7, 2017, the Company staked 25 unpatented lode claims covering 203 hectares immediately adjacent to its existing 214 hectare Rainbow Canyon property in Washoe County, Nevada.

On March 21, 2017, the reported high grade gold and silver samples from its OSOS 1 mining concession in Ecuador.

On February 8, 2017, the Company entered into an option agreement with Alba Minerals Ltd. to acquire 100% interest in the Rainbow Canyon gold property in Nevada, comprising 28 unpatented lode mining claims that cover an area of 214 hectares in the Olinghouse mining district about 40 km east of Reno in Washoe County.

## **Performance Summary**

The following is a summary of significant events and transactions that occurred during the nine months ended June 30, 2017:

### **Babine Property, British Columbia, Canada**

The Company owns 4 claims covering 390 hectares in the Babine project area located in British Columbia, Canada. The Company intends to keep the claims in good standing by ensuring that all relevant costs are incurred when required.

### **The Condor gold property**

On October 25, 2016, the Company entered into an option agreement to acquire 100% of the issued and outstanding shares of Lateegra Ecuador SA, title holder of the Condor gold property in southeast Ecuador, from Condor Mines SA. As consideration, the Company has agreed to make periodic payments of cash totaling \$1,200,000 and issue 5,500,000 common shares of the Company by September 15, 2017. The agreement is subject to regulatory approval which has not been received as of August 25, 2017.

### **The Osos 1 gold property**

On December 1, 2016, the Company entered into an option agreement to acquire 100% of the Osos 1 gold property in El Oro province, southwest Ecuador, comprising an area totaling 229

hectares. As consideration, the Company has agreed to make periodic payments of cash totaling \$600,000 USD and issue 1,000,000 common shares of the Company by November 15, 2017. The agreement is subject to regulatory approval which has not been received as of August 25, 2017.

### **Rainbow Canyon gold property**

On February 8, 2017, the Company entered into an option agreement with Alba Minerals Ltd. to acquire 100% interest in the Rainbow Canyon gold property in Nevada, comprising 28 unpatented lode mining claims that cover an area of 214 hectares in the Olinghouse mining district about 40 km east of Reno in Washoe County. The principal terms of the option agreement are:

- i. Cash payments to Alba totalling \$30,000;
- ii. The issuance to Alba of a total of 450,000 shares of the Company in various tranches.

There is a 3% NSR on the property reserved to an earlier owner, 2% of which can be purchased for US\$1,000,000

### **Financings**

During the nine months ended June 30, 2017, the Company issued the following shares;

<b>Date</b>	<b>Issuance of Shares</b>	<b>Number of Shares Issued</b>	<b>Cash Proceeds</b>
January 24, 2017	Exercise of Warrants at \$0.05	1,000,000	\$ 50,000
February 9, 2017	Exercise of Warrants at \$0.05	200,000	\$ 10,000
March 27, 2017	Exercise of Warrants at \$0.05	1,000,000	\$ 50,000
April 26, 2017	Exercise of Warrants at \$0.10	300,000	\$ 30,000
June 12, 2017	Exercise of Warrants at \$0.05	600,000	\$ 30,000

### **Incentive Stock Options**

The Company did not issue any stock options during the nine months ending June 30, 2017.

## 1.1 Selected Annual Financial Information

	Year Ended September 30, 2016	Year Ended September 30, 2015	Year Ended September 30, 2014
<b>Operations:</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Office & Misc.	34,945	23,498	26,741
Accounting & audit fees	26,250	22,750	22,327
Consulting fees	17,192	-	-
Filing & transfer fees	9,122	12,326	14,334
Investor relations	52,682	-	-
Legal fees	28,228	12,138	13,023
Management fees	20,000	-	60,000
Travel	54,895	-	-
Subtotal	243,314	70,712	136,425
Write down of mineral properties	197,000	5,000	108,033
Interest expense	-	-	94
Gain on forgiveness of debt	-	-	(96,488)
Other recovery	-	-	(9,700)
Loss for the Period	(440,314)	(75,712)	(138,364)
Basic & Diluted Loss per Share	(0.03)	(0.01)	(0.01)
<b>Balance Sheet</b>			
Working Capital	315,609	20,372	(13,626)
Total Assets	357,643	249,695	225,771
Total Long Term Liabilities	-	-	-

## 1.2 Results of Operations

### Three months ended June 20, 2017

During the three months ended June 30, 2017, the Company incurred a comprehensive loss of \$67,066 compared to \$24,516 loss for the corresponding period. The largest expense items that resulted in an increase in net comprehensive loss for the three months ended June 30, 2017 were;

- General exploration was \$124,076 for the three months ended June 30, 2017 and June 30, 2016, remained \$nil. \$120,125 related to the exploration and consulting costs for the Rainbow Canyon property. All the properties that are being held by the Company are being maintained in good standing unless otherwise stated.
- Consulting fees for the three months ended June 30, 2017, were \$6,100 compared to \$nil for the corresponding period ending June 30, 2016. Payments were made to consultants who advised the Company in optioning or acquiring mineral properties.

- Investor relations costs for the three months ended June 30, 2017 were \$521 (2016: \$nil). The Company continues its focus on its marketing and promotional activities resulting in issuing 900,000 shares through the exercise of warrants realising proceeds of \$60,000.
- Legal fees for the three months ended June 30, 2017 were \$4,865 (2016:\$10,152). The fees were paid to a law firm of which a director is a principal.
- Management fees for the three months ended June 30, 2017 were \$40,500 (2016:\$nil). The fees were paid or accrued to the CEO, CFO and Chairman of the Company for work performed during the quarter ended June 30, 2017.

The operating loss for the three months ended June 30, 2017 increased to \$65,819 (2016: \$24,516); the increase in operating loss was caused by the aforementioned expenses for the quarter.

Interest expense for the three months ended June 30, 2017 was \$1,247 (2016: \$nil). Interest expense related to the loan forwarded by the CEO of the Company as explained in Note 5 of the financial statements.

Net loss and comprehensive loss for the three months ended June 30, 2017 was \$67,066 (2016: \$24,516).

### **Nine months ended June 30, 2017**

During the nine months ended June 30, 2017, the Company incurred a comprehensive loss of \$408,144 compared to \$259,625 loss for the corresponding period. The largest expense items that resulted in an increase in net comprehensive loss for the nine months ended June 30, 2017 were:

- General exploration for the nine months ended June 30, 2017 was \$189,630 (2016: \$nil). Exploration, including consulting costs, amounted to \$129,066 for Rainbow Canyon and \$35,077 for Osos Gold 1. All the properties that are being held by the Company are being maintained in good standing unless otherwise stated.
- Consulting fees for the nine months ended June 30, 2017, were \$102,253 compared to \$nil for the corresponding period ending June 30, 2017. Payments were made to consultants who advised the Company in optioning or acquiring mineral properties.
- Investor relations costs for the nine months ended June 30, 2017 were \$59,418 (2016: \$nil). The Company continues its focus on its marketing and promotional activities resulting in issuing 3,100,000 shares through the exercise of warrants realising proceeds of \$170,000.
- Legal fees for the nine months ended June 30, 2017 were \$12,015 (2016: \$14,309). The fees were paid to a law firm of which a director is a principal.
- Management fees for the nine months ended June 30, 2017 were \$131,500 (2016: \$nil). The fees were paid to the CEO, CFO and Chairman of the Company for work performed during the nine months ended June 30, 2017.

- Travel costs were \$18,704 for the nine months ended June 30, 2017 (2016: \$nil), the incurred travel costs relating to the acquisition of mineral properties.

The operating loss for the nine months ended June 30, 2017 increased to \$404,178 (2016: \$62,625); the increase in operating loss was caused by the aforementioned expenses for the quarter.

The Company did not write-down any mineral properties during the nine months ended June 30, 2017 (2016: \$197,000).

Interest expense for the nine months ended June 30, 2017 was \$3,966 (2016: \$nil). Interest expense related to the loan forwarded by the CEO of the Company as explained in Note 5 of the financial statements.

Net loss and comprehensive loss for the nine months ended June 30, 2017 was \$408,144 (2016: \$259,625).

The Company explores for minerals with an emphasis on gold, and has no operating property. The Company has no earnings and therefore finances these exploration activities by the sale of common shares.

For the six months ended March 31, 2017, the Company reported no discontinued operations, no changes in accounting policy and declared no cash dividends.

## 1.5 Summary of Quarterly Results

The following table sets forth selected financial information of the Company for each of the last eight quarters:

Quarter Ending	Note	Expenses \$	Net Loss \$	Basic and diluted net loss per share \$
June 30, 2017		65,819	(67,066)	(0.00)
March 31, 2017		164,758	(167,477)	(0.01)
December 31, 2016		173,301	(173,301)	(0.01)
September 30, 2016		180,689	(180,689)	(0.01)
June 30, 2016		24,516	(24,516)	0.00
March 31, 2016		14,309	(14,309)	0.00
December 31, 2015	1	23,799	(220,799)	(0.02)
September 30, 2015		20,697	(20,697)	0.00

Note 1– The Company incurred an impairment charge of \$197,000 relating to the Babine property.

## 1.6 Liquidity and Capital Resources

The Company's operations consist of the exploration, evaluation of natural resource properties, and the development of technology. The Company's financial success is dependent upon its ability to find economically viable properties and develop them. The process can take many years and is largely dependent on factors beyond the control of the Company. The Company's historical

capital needs have been met by the sale of the Company's stock. The Company's current funds on hand may not be sufficient to cover the Company's exploration and administrative expenses.

To date, the Company's operations have been funded almost entirely through the sale of the Company's stock. There is no assurance that the Company will continue to be successful by funding its operations through equity financings. The Company will continue to seek capital through the issuance of common shares.

The Company is a junior exploration company with no revenue-producing operations. Activities include acquiring mineral properties and conducting exploration programs. The mineral exploration business is risky and most exploration projects will not become mines. For the funding of property acquisitions and exploration that the Company conducts itself, the Company does not use long-term debt. Rather, it depends on the issuance of shares from the treasury to investors. Such stock issues in turn, depend on numerous factors, important among are which are a positive mineral exploration climate, positive stock market conditions, a company's track record and experience of management. The Company is also dependent upon extensions of option agreements for the property expenditure requirements.

The financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company incurred a net loss and comprehensive loss of \$408,144 during the nine months ended June 30, 2017 and has a cash balance and a working capital deficit of \$36,273 and \$(112,165), respectively, as at June 30, 2017. The Company's ability to meet its obligations as they fall due, in particular option payments on mineral properties, and to continue to operate as a going concern is dependent on the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of its equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis or extensions on the option agreements, could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

As of June 30, 2017, the Company had 26,806,000 issued and outstanding shares and 34,552,000 shares on a fully diluted basis. Since the warrant and stock option exercise price is less than the market of the price of the Company's shares at the date of this report, then if the warrants or stock options are exercised the Company could expect additional cash injections of \$ 160,000.

The Company had \$(112,165) of working capital deficit as at June 30, 2017 compared to \$315,609 working capital surplus as at September 30, 2016. The decrease in working capital surplus resulted from the cash used in operations of \$318,917, (2016: \$51,871) and the cash used in investing activities of \$189,630 (2016: \$nil) and which was offset by financing activities generating cash of \$220,000, (2016: \$58,897) during the nine months ending June 30, 2017, due to the issuance of 3,100,000 common shares for net cash proceeds of \$170,000 (2016: \$58,897) and a loan of \$50,000 (2016: \$nil).

## 1.7 Capital Resources

As at June 30, 2017, the Company had cash of \$36,273 (2016: \$39,009). The Company is aggressively pursuing equity financing and there can be no guarantees that the Company will be successful in its endeavors.

As of the date of this MD&A, the Company has no outstanding commitments. The Company has not pledged any of its assets as security for loans, or otherwise and is not subject to any debt covenants.

## Share Purchase Warrants

As at August 25, 2017, the following warrants were outstanding:

<u>Number of Warrants</u>	<u>Exercise Prices</u>	<u>Expiry Date</u>	<u>Remaining life (Years)</u>
3,200,000	\$ 0.05	May 13, 2021	3.87
4,146,000	\$ 0.15	August 16, 2021	4.13

## STOCK OPTIONS

The total number of stock options outstanding as of August 25, 2017 was 400,000 (2016: 970,000) at a weighted average exercise price of \$0.10 per share (2016: \$0.11).

## 1.8 Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## 1.9 Transactions with Related Parties

The expenditures charged by related parties to the Company and not disclosed elsewhere in the consolidated financial statements consist of the following:

- a) The Company incurred legal fees of \$12,015 (2016 - \$14,309) from a law firm of which a director is a principal.
- b) The Company incurred office services, of \$15,750 (2016 - \$4,870) to a company controlled by the CFO. The Company also, incurred \$31,000 (2016: \$nil), for management fees to a company controlled by the CFO.
- c) The Company incurred accounting fees of \$13,500 (2016 - \$4,500) to a company controlled by the CFO.

- d) The Company incurred management fees of \$50,000 (2016: \$nil) paid to the CEO of the Company.
- e) The Company incurred management fees Of \$50,000 (2016: \$nil) paid to the Chairman of the Company.
- f) The Company has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties as follows:

	2017	2016
Consulting fees	\$ 39,705	\$ -
Management fees	\$ 131,500	\$ -

At June 30, 2017, accounts payable and accrued liabilities included \$74,801 (2016: \$19,787) for amounts due to a law firm of which a director is a principal and a companies controlled by the CEO, Chairman and CFO. All amounts payable are non-interest bearing, unsecured and due on demand.

By loan agreement dated January 1, 2017, the president of the Company loaned \$50,000 to the Company, the loan bears interest at 10% per annum and a bonus of \$1,500 will be paid on or before June 30, 2017. The principal, accrued interest and bonuses will be payable no later than June 30, 2017. As at June 30, 2017, \$53,966 (2016 - \$nil) of the loan payable, bonuses and accrued interest to the president were outstanding. Subsequent to the June 30, 2017, the President of the Company has agreed to extend the payment of the loan to December 31, 2017.

### **1.10 Critical Accounting Estimates.**

The preparation of the Company's financial statements requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities as well as revenue and expenses.

The most critical accounting estimates upon which company financial statements depend on those estimates of proven and probable reserves and resources, recoverable ounces there from, and assumptions of operating costs and future mineral prices. Such estimates and assumptions affect the potential impairment of long-lived assets and the rate at which depreciation, depletion and amortization. In addition, management must estimate costs associated with mine reclamation's enclosure costs.

The Company presently has no properties with proven or inferred reserves. When such a situation arises. The Company will utilize existing industry standards, with respect to the reporting and accounting for these issues.

The Company accounts for all stock-based payments and awards using the fair value based method. Under the fair value based method, stock-based payments to non-employees are measured at the fair value of the consideration received, or the fair value of the equity estimates issued, or liabilities incurred, whichever is more reliably measurable.

The Company will have an obligation to reclaim its properties after the minerals have been depleted. These estimated costs, known as the Asset Retirement Obligation, will be recorded as a liability at their fair values in the periods in which they occur, and at each reporting period, are increased to reflect the interest (accretion expense) considered in the initial fair value management of the liabilities. Reclamation expenses vary from jurisdiction to jurisdiction. The Company has no material ARO at this time.

From time to time, the company must make accounting estimates. These are based on the best information available at the time, utilizing generally accepted industry standards.

### **1.11 Changes in Accounting Policies including Initial Adoption**

See Note 3 Company's financial statements for the nine months ended June 30, 2017.

#### **Going concern issue**

The Company's financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon the continued financial support of the creditors and the shareholders. In the past, the Company has relied on sales of its equity securities to meet its cash requirements. There can be no assurance that funding from this or other sources will be sufficient in the future to continue and develop its mineral properties. Even if the Company is able to obtain new financing, it may not be on commercially reasonable terms or terms that are acceptable to it. Failure to obtain such financing on a timely basis or extensions on the option agreements, could cause the Company to reduce or terminate its operations. The above indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

The Company may encounter difficulty sourcing future financing in light of the recent economic downturn. The current financial equity market conditions and the inhospitable funding environment make it difficult to raise capital through the private placements of shares. The venture capital industry has been severely affected by the world economic situation as it is considered speculative and high-risk in nature, making it even more difficult to fund. While the Company is using its best efforts to achieve its business plans by examining various financing alternatives, there is no assurance that the Company will be successful with any financing ventures.

#### **Internal control over financial reporting and disclosure controls and procedures**

Management is responsible for the design and maintenance of both internal control systems over financial reporting and disclosure controls and procedures. Disclosure controls and procedures are designed to provide reasonable assurance that relevant information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Current disclosure controls include meetings with the CEO, chief financial officer and members of the Board of Directors and audit committee through e-mails, on telephone conferences and informal meetings to review public disclosure. All public disclosures are reviewed by certain members of senior management and the board of directors and audit committee of the Board of Directors has delegated the duties to the chief executive officer who is primarily responsible for financial and disclosure controls.

Management and the board of directors continue to work to mitigate the risk of material misstatement.

### **Risk and uncertainties**

While the Company has no operating properties the following is a brief discussion of those distinctive or special characteristics of the company's potential operations and industry, which may have a material impact on, or constitute risk factors in respect of the Company's financial performance.

#### **1.12 Financial Instruments and Other Instruments**

See Note 7 to the Company's financial statements for the nine months ended June 30, 2017.

## 1.15 Additional Information

### HEAD OFFICE

304 – 700 West Pender Street

Vancouver, BC

V6C 1G8

Tel: (604) 685 - 7720

### OFFICERS & DIRECTORS

Arthur Brown,  
*President & CEO and Director*

Sandy MacDougall

*Chairman & Director*

Kulwant Sandher, B.Sc., CPA, CA

*Chief Financial Officer*

Carl Jonsson, LLB

*Director & Secretary*

Cyrus Driver, CPA, CA

*Director*

Carlos Arias

*Director*

### LISTINGS

TSX Venture Exchange: **ASQ**

### CAPITALIZATION

(as at August 25, 2017)

Shares Authorized: Unlimited

Shares Issued: 26,806,000

### REGISTRAR TRANSFER AGENT

TMX Equity Transfer Services

2700 – 650 West Georgia St.

Vancouver, BC, V6B 4N9

### AUDITORS

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